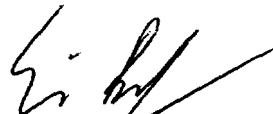


on the parties' right to revisit the issues of PRTC's costs within a reasonable amount of time. This will allow PRTC to gain the experience that it believes is necessary to answer the questions it now believes it cannot answer, and allow necessary adjustments to rates to reflect the changing competitive environment.

CONCLUSION

For the foregoing reasons, the Commission should order PRTC to revise its tariff and to provide further support for its tariff and should reopen these proceedings within a reasonable period of time after PRTC has obtained actual experience with providing expanded interconnection service.

Respectfully submitted,



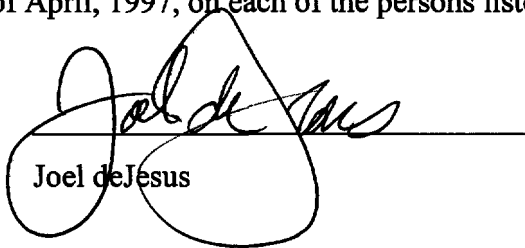
Eric J. Branfman
Joel deJesus
SWIDLER & BERLIN, CHTD.
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Phone 202-424-7500
Fax 202-424-7645

Counsel for KMC Telecom, Inc.

April 25, 1997

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Opposition of KMC Telecom, Inc." will be served by hand delivery this the 25th day of April, 1997, on each of the persons listed below.



Joel deJesus

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

Competitive Pricing Division (2 copies)
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 518
Washington, DC 20554

ITS
2100 M Street, N.W.
Room 140
Washington, DC 20037

Joe D. Edge
Tina M. Pidgeon
Drinker Biddle & Reath
901 15th Street, N.W., Suite 900
Washington, DC 20005

Before the
TELECOMMUNICATIONS REGULATORY BOARD
OF PUERTO RICO

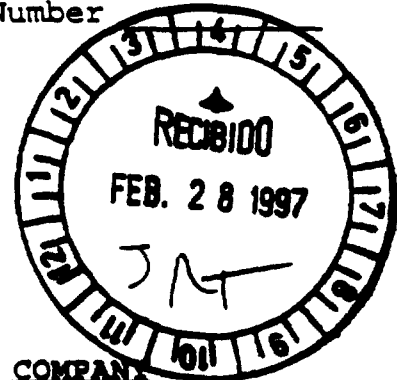
In the Matter of)

KMC TELECOM, INC.)

Petition for Arbitration Pursuant)
to 47 U.S.C. 252(b) and the Puerto)
Rico Telecommunications Act of)
1996, Chapter III, Article 5(b),)
regarding Interconnection Rates,)
Terms and Conditions with)

PUERTO RICO TELEPHONE COMPANY)

Case Number



RESPONSE OF PUERTO RICO TELEPHONE COMPANY

Puerto Rico Telephone Company ("PRTC"), pursuant to Section 252(b)(3) of the Communications Act of 1934, 47 U.S.C. § 252(b)(3) ("Communications Act"), and Chapter III, Article 5(b)(3) of the Puerto Rico Telecommunications Act of 1996 ("Puerto Rico Act"), hereby responds to the captioned Arbitration Petition submitted by KMC Telecom, Inc. ("KMC"), on February 3, 1997.

I. INTRODUCTION

Section 251 of the Communications Act of 1934 ("Communications Act") establishes a process whereby telecommunications carriers are to negotiate the specific terms and conditions of agreements that will govern the interconnection of their facilities. If the negotiating parties are unable to conclude an agreement, the Communications Act provides for state commission arbitration to resolve the issues on which the parties

With regard to fraud prevention, PRTC - and every telecommunications company including KMC - is required to adopt and file with the Board "policies and procedures to reduce and prevent fraud in the purchase, sale and rendering of cable and telecommunications services" ⁹¹ In addition, the Puerto Rico Act directs the board to "promulgate and put into effect regulations designed to fight and prevent fraud in telecommunications." ⁹² PRTC must follow policies and procedures filed with the Board, and PRTC will be governed by the Board's fraud prevention regulations. PRTC will work to minimize fraud, in accordance with its fraud prevention policy and with the forthcoming regulations and requirements of the Board.

L. Performance Standards and Liquidated Damages

KMC indicates that the parties are in disagreement regarding whether PRTC should be obligated to adhere to performance standards developed by KMC and subject to liquidated damage provisions prepared by KMC. As an alternative to its own performance standard provision, KMC includes with its Arbitration Petition service provisions mandated by the Minnesota Public Utilities Commission ("PUC") and applied in Minnesota. PRTC proposes a different standard.

91. Puerto Rico Act, ch. III, art. 12(a).

92. Id., ch. III, art. 12(b).

Nothing in the Communications Act authorizes the establishment of fixed service performance standards or penalties for failure to meet such standards. Moreover, contrary to KMC's suggestion, nothing in the Communications Act directs that service provisioning intervals should be the same among widely dispersed telephone companies in different areas of the United States. Under the Communications Act, PRTC must provide interconnection "that is at least equal in quality to that provided by [PRTC] to itself or to any subsidiary, affiliate, or any other party to which [PRTC] provides interconnection"⁹³ and "on rates, terms, and conditions that are just, reasonable, and nondiscriminatory"⁹⁴

Similarly, the Puerto Rico Act requires a LEC to provide interconnection "in accordance with terms not less favorable than those provided to the affiliates of the local exchange carrier."⁹⁵ This point is underscored by the very Minnesota PUC decision quoted by KMC. According to KMC, the Minnesota PUC explained that "[a]llowing an incumbent to provide lower quality services or facilities to a competitor would place the competitor at a severe disadvantage, forcing the new entrants to pass along the inferior service to its actual or potential subscribers."⁹⁶

93. 47 U.S.C. § 251(c)(2)(C).

94. Id., § 251(c)(2)(D).

95. Puerto Rico Act, ch. III, art. 4(c).

96. KMC Arbitration Petition at 43 (quoting Consolidated Petitions of AT&T Communications of the Midwest, Inc., MCI Metro Access Transmission Services, Inc., and MFS Communications

To be certain, PRTC and KMC are entering a new world of network unbundling and interconnection. PRTC will be interconnecting with a number of new entrants, and PRTC will be provisioning elements and services it has never before provided at once to multiple carriers. In this environment, PRTC does not wish to establish certain performance standards for its relationships with some carriers and entirely different standards for its relationships with others. This is particularly important in the case of a relationship with a company such as KMC, which does not yet have a Puerto Rico network and which has declined to say what elements or services it will ultimately need from PRTC. Against this background, performance standards separate from the statutory requirements cannot be realistically defined at this stage in the evolution of the market.

Accordingly, PRTC will provide KMC with service that is the same or better than that which PRTC provides to itself, to its affiliates, and to other interconnectors. PRTC requires simply that KMC give standard notice of its ordering needs and identify promptly any maintenance or quality issues. In addition, PRTC offers to supply regular reports to KMC detailing the service intervals provided by PRTC. With that information, KMC will be in a position to monitor PRTC's provisioning of its interconnection services.

Company for Arbitration with US West Communications, Inc., Order Resolving Arbitration Issues and Initiating a US West Cost Proceeding, Minnesota Public Utilities Commission (Dec. 2, 1996).